

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1362219-0

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FM SEATTLE (58A-315) (P)

TO ALEXANDRIA (58A-264) ROUTINE

BT

UNCLAS

THOMAS K. JONES, DEPUTY UNDER SECRETARY OF DEFENSE; ET AL; COI -  
DOD; OO: ALEXANDRIA.

RE LETTER FROM [REDACTED] TO FBI, SEATTLE, DATED  
DECEMBER 16, 1983, AND A TELCAL FROM SPECIAL AGENT [REDACTED]  
SEATTLE FBI TO [REDACTED] ON DECEMBER 19, 1983.

ON DECEMBER 20, 1983, SUBPOENAS WERE SERVED UPON THE FOLLOWING  
INDIVIDUALS BY SPECIAL AGENT [REDACTED] OF THE SEATTLE OFFICE  
OF THE FBI:

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(X) [REDACTED]

[REDACTED] (X). ALL RECIPIENTS RE-

CEIVED A LETTER WITH THEIR SUBPOENAS, EXCEPT FOR [REDACTED] AND

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b7c

58A-264-160

SEARCHED  
SERIALIZED  
INDEXED  
FILED

DEC 21 1983

FBI - SEATTLE

[REDACTED]

WMS

PAGE TWO 58A-315 UNCLAS

IN ACCORDANCE WITH INSTRUCTIONS FROM [REDACTED] SA [REDACTED]

DESTROYED SUBPOENAS FOR [REDACTED]

[REDACTED] AND [REDACTED]

b6  
b7C

THE ORIGINAL COPY OF ALL SUBPOENAS SERVED WILL BE FORWARDED  
TO ALEXANDRIA BY SEPARATE COMMUNICATION WITH THE RETURNED PORTION  
EXECUTED.

BT

UNITED STATES GOVERNMENT

# Memorandum

TO : SAC (58A-264)

DATE: 12/22/83

FROM : SA [REDACTED]

b6  
b7C

SUBJECT: Thomas K. Jones,  
ET AL

Attached report was prepared by DOJ attorneys. [REDACTED] DOJ, advised that they would prosecute captioned matter based on this report and supplemental reports prepared by them. [REDACTED] stated that no formal FBI prosecutive report need be prepared as long as FD 302's are provided as they are prepared.



5010-110

58A-264-1162

SEARCHED	INDEXED
SERIALIZED	FILED
DEC 22 1983	
FBI - ALEXANDRIA	

*[Signature]*

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

SE 58A-315

As no further investigation remains at Seattle, this matter is considered RUC.



FBI

## TRANSMIT VIA:

- ☐ Teletype  
☐ Facsimile  
☐ \_\_\_\_\_

## PRECEDENCE:

- ☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

- ☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date \_\_\_\_\_

PAGE TWO AX 58A-264 UNCLAS

INFORMATION CONTAINED HEREIN SHOULD BE HANDLED PURSUANT TO  
RULE 6E.

BT

Approved: \_\_\_\_\_ Transmitted \_\_\_\_\_ Per \_\_\_\_\_  
(Number) (Time)

copy sent  
AX 66-384 SubC  
1-9-84 Kan

58A-264-165

SEARCHED	INDEXED
SERIALIZED	FILED
JAN 11 1984	
FBI - KANSAS CITY	
[Signature]	

United States District Court

DISTRICT

Eastern District of Virginia

TO:

b3  
b6  
b7C

**SUBPOENA FOR**

☒ Person

☐ Document or Object

PLACE

United States District Courthouse  
200 S. Washington Street  
Alexandria, Virginia 22313

## COURTROOM

DATE AND TIME
---------------

January 3, 1984  
9:00 a.m.

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):<sup>(1)</sup>

☐ Please see additional information on reverse

**This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.**

CLERK

DATE \_\_\_\_\_

b6  
b7C

(BY) DEPUTY CLERK

17-16-53

This subpoena is issued on application  
of the United States of America by:

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY

United States Department of Justice

Assistant U.S. Attorney

701 Prince Street  
Alexandria, Virginia 22314

IMPORTANT INFORMATION FOR  
GRAND JURY WITNESS

The Grand Jury is conducting an investigation of possible violations of federal criminal Conflict of Interest laws. As a witness in this Grand Jury proceedings, you should know that:

1. You may refuse to answer any question if a truthful answer to the question would tend to incriminate you.
2. Anything you do say may be used against you by the Grand Jury or in subsequent legal proceedings.
3. If you have retained counsel, the Grand Jury will permit you a reasonable opportunity to step outside the grand jury room to consult with counsel if you so desire.

This advice is given as a general practice to all grand jury witnesses without regard to culpability. If you have any questions, please contact the attorney whose name and telephone number appear on the subpoena.

copy sent  
AX 66-384 sub G  
1-9-84 Kan

58A-264.- 166

*[Handwritten initials]*  
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b7C



*[Handwritten initials]*

## SUBPOENA TO TESTIFY BEFORE GRAND JURY

United States District Court

DISTRICT

Eastern District of Virginia

TO:

SUBPOENA FOR

b3  
b6  
b7C☒ Person  
☐ Document or Object

YOU ARE HEREBY COMMANDED to appear in the United States District Court at the location, date, and time specified below to testify before the Grand Jury in the above entitled case.

PLACE

United States District Courthouse  
200 S. Washington Street  
Alexandria, Virginia 22313

COURTROOM

DATE AND TIME  
January 3, 1984  
9:00 a.m.

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):<sup>(1)</sup>

☐ Please see additional information on reverse

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK

DATE

b6  
b7C

(BY) DEPUTY CLERK

12-16-83

This subpoena is issued on application  
of the United States of America by:

NAME, ADDRESS AND PHONE NUMBER OF ASSISTANT U.S. ATTORNEY

United States Department of Justice

Assistant U.S. Attorney

701 Prince Street  
Alexandria, Virginia 22314

1) If not applicable, enter "none."

IMPORTANT INFORMATION FOR  
GRAND JURY WITNESS

The Grand Jury is conducting an investigation of possible violations of federal criminal Conflict of Interest laws. As a witness in this Grand Jury proceedings, you should know that:

1. You may refuse to answer any question if a truthful answer to the question would tend to incriminate you.
2. Anything you do say may be used against you by the Grand Jury or in subsequent legal proceedings.
3. If you have retained counsel, the Grand Jury will permit you a reasonable opportunity to step outside the grand jury room to consult with counsel if you so desire.

This advice is given as a general practice to all grand jury witnesses without regard to culpability. If you have any questions, please contact the attorney whose name and telephone number appear on the subpoena.

PAGE TWO SE 53A-315 UNCLAS

SUBPOENAS WILL BE FORWARDED BY SEPARATE COMMUNICATION.

BT



FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
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## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date 3/29/84

TO: SAC, ALEXANDRIA (58A-264)  
 FROM: <sup>APW/pmb</sup> SAC, SEATTLE (58A-315) (RUC)

THOMAS K. JONES;  
 ET AL;  
 COI - DOD;  
 OO: ALEXANDRIA

Re alexandria airtel to Seattle, dated 3/19/84.

Enclosed for Alexandria are the original subpoenas and the original, plus one copy, each, of the FD-302s reflecting the serving of those subpoenas, on the following individuals:

and [redacted]

In addition, for the information of the Alexandria Division, on March 26, 1984, [redacted] (Protect by request), provided the following information as a supplement to facts that he had previously furnished to the Seattle Office of the FBI, and which have already been forwarded to the Alexandria Division:

MEL PAISLEY has used a company in New York to "launder" money that was eventually used to bribe personnel at the Military Assistance Group. The name of the company is TRANSPORTATION, CONCEPTS & TECHNIQUES, INCORPORATED, 551 Fifth Avenue, New York, New York 10017, telephone number (212)490-3233. Cable Address: TRACONTEK, New York; [redacted].

[redacted] finally advised that the person contacted by PAISLEY at the United Nations, was [redacted].

Seattle is unaware as to the validity of the above information; however, contact with [redacted] is being maintained and Alexandria is requested to advise Seattle if additional investigation is required.

② - Alexandria (58A-264) (Enc. 10)  
 1 - Seattle (58A-315)  
 RNN:lm  
 (3)

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58A-264-190

Approved: \_\_\_\_\_ Transmitted \_\_\_\_\_  
 (Number) (Time)

Per

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[Handwritten signature and initials in a box]

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FBI

## TRANSMIT VIA:

☒ Teletype  
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## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS 4/17/84  
Date \_\_\_\_\_

FM ALEXANDRIA (58A-264)(P)

TO SEATTLE (58A-315) ROUTINE 1133/p

BT

UNCLAS

THOMAS K. JONES; ET AL; COI-DOD, OO: AX

RE SEATTLE AIRTEL TO ALEXANDRIA, MARCH 29, 1984.

REFERENCED AIRTEL ADVISED THAT [REDACTED] (PROTECT IDENTITY BY REQUEST) ADVISED THAT MEL PAISLEY USED TRANSPORTATION CONCEPTS AND TECHNIQUES INCORPORATED IN NEW YORK TO LAUNDER MONEY USED FOR BRIBES TO MILITARY ASSISTANCE GROUP EMPLOYEES.

SEATTLE IS REQUESTED TO RECONTACT [REDACTED] (PROTECT) AND OBTAIN FULL DETAILS CONCERNING DATES, PLACES, INDIVIDUALS AND HOW THIS INFORMATION BECAME KNOWN TO HIM.

BT

①-Alexandria  
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58A-264-191  
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Approved: NOT

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# Memorandum



To : SAC, ALEXANDRIA (58A-264) (P)

Date 5/23/84

From : SA [redacted]

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Subject :

[redacted]  
ET AL  
COI - DOD  
(OO: AX)

SAC authority is requested for SA [redacted] to travel to Seattle, Washington 5/30 - 31/84 for the purpose of interviewing [redacted]

[redacted] was the last witness to be called before the Federal Grand Jury, Alexandria, Virginia, in captioned matter. Due to trial commitments of DEPARTMENT OF JUSTICE attorneys, he was not called before the May 7th session of the Grand Jury. The Grand Jury to which all witnesses and investigation has been presented, is due to expire June 5, 1984. DOJ attorneys requested SA [redacted] travel to Seattle to interview the last witness and obtain a signed sworn statement from him prior to the Grand Jury's expiration.

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SA [redacted] has reviewed approximately 5,325 pages of documents received by BOEING pursuant to an FGJ subpoena and has prepared a 36-page chronology from these documents. [redacted] is the author or recipient of many of these documents. In view of the fact that SA [redacted] is thoroughly familiar with the documents involved and the investigation to date, it is necessary that she conduct the interview. Contact has been made with [redacted] attorney, who agreed to the interview to take place in Seattle 5/31/84. SAC, Seattle concurs with travel of SA [redacted].

*Recommended APPROVAL  
5/24/84  
[Signature]*

①-Alexandria  
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(1) *Kar*

*OK*

58A-264-195

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FBI-ALEXANDRIA	

[redacted] *PMS*

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FBI

## TRANSMIT VIA:

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## PRECEDENCE:

☐ Immediate  
☐ Priority  
☒ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☒ UNCLAS

Date 6/25/84

FM ALEXANDRIA (58A-264) (P)

TO SAN FRANCISCO (58A-865) ROUTINE *515/p*

BT

UNCLAS

THOMAS K. JONES; ET AL; COI-DOD (OO:AX)

RE SAN FRANCISCO TELETYPE TO ALEXANDRIA, MAY 25, 1984; AND  
 ALEXANDRIA TELETYPE TO SAN FRANCISCO, MAY 23, 1984.

DOJ ATTORNEY [ ] SEARCHED RECORDS OF THE DEPARTMENT OF  
 JUSTICE AND THE U.S. ATTORNEY'S OFFICE IN WASHINGTON, D.C., AND  
 FAILED TO LOCATE ANY FEDERAL GRAND JURY PROCEEDINGS AS DESCRIBED  
 BY [ ].

SAN FRANCISCO SHOULD RECONTACT [ ] FOR MORE SPECIFIC  
 INFORMATION REGARDING DOJ ATTORNEYS, AUSA'S OR INVESTIGATORS  
 INVOLVED IN INVESTIGATION. IF [ ] IS NOT AWARE OF ANY ATTORNEY'S  
 NAME HE SHOULD BE THOROUGHLY INTERVIEWED REGARDING HIS INVESTIGATION  
 OF ALLEGATIONS IN REFERENCED ALEXANDRIA TELETYPE.

BT

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Approved: *[Signature]*

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FM SAN FRANCISCO (58A-865)(RUC)

TO ALEXANDRIA (58A-264)(ROUTINE)

H

U N C L A S /

THOMAS K. JONES, ET AL; COI - DOD; OO: ALEXANDRIA

RE ALEXANDRIA TELETYPE TO SAN FRANCISCO, JUNE 25, 1984; AND  
SAN FRANCISCO TEL CALL TO SUPERVISOR [ ] ALEXANDRIA, ON  
JUNE 26, 1984.

SUPERVISOR [ ] ADVISED TO DISCONTINUE LEAD TO REINTERVIEW

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[ ] SINCE AUSA [ ] ADVISED THAT REINTERVIEW

OF [ ] WOULD NOT BE NECESSARY AT THIS TIME.

SAN FRANCISCO IS PLACING THIS CASE IN A RUC STATUS.

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58A-264 798  
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DE SF 003

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RM SAN FRANCISCO (58A-865)(RUC)

TO ALEXANDRIA (58A-264)(PRIORITY)

BT

U N C L A S

THOMAS K. JONES, DEPUTY UNDERSECRETARY OF DEFENSE; MELVYN ROBERT PALSLEY, ASSISTANT SECRETARY OF THE NAVY; HERBERT A. REYNOLDS, OFFICE OF THE SECRETARY OF DEFENSE; LAWRENCE H. CRANDON, NORTH ATLANTIC TREATY ORGANIZATION; HAROLD KITSON, JR, DEPUTY ASSISTANT SECRETARY OF THE NAVY; COI - DOD; OO: ALEXANDRIA

RE ALEXANDRIA TELCALL TO SAN FRANCISCO, JUNE 27, 1984, SAN FRANCISCO TELETYPES TO ALEXANDRIA, JUNE 27, 1984, AND MAY 25, 1984, ALEXANDRIA TELETYPES TO SAN FRANCISCO, JUNE 25, 1984, AND MAY 23, 1984.

ON JUNE 27, 1984, [REDACTED] ATTORNEY FOR THE LAW FIRM OF PILLSBURY, MADISON, AND SUTRO, 225 BUSH STREET, SAN FRANCISCO, CALIFORNIA, TELEPHONE [REDACTED] ADVISED THAT THE FOLLOWING U.S. DEPARTMENT OF JUSTICE, WASHINGTON, D.C. EMPLOYEES WERE

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[REDACTED]  
by SA [REDACTED]

advised  
on 6/29/84.

58A-264-199

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P118	

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PAGE TWO

SF 58A-365

U N C L A S

INVOLVED IN A FEDERAL GRAND JURY, WASHINGTON, D.C. INVESTIGATION  
CONCERNING BOEING AIRCRAFT CORPORATION: [REDACTED]

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[REDACTED] FURTHER NOTED THAT A  
COMPLAINT AND CONSENT DECREE WAS FILED IN WASHINGTON, D.C. ON  
JUNE 30, 1982, BEFORE U.S. DISTRICT JUDGE JOHN PRATT CONCERNING  
THIS MATTER.

SAN FRANCISCO IS PLACING THIS CASE IN A RUC STATUS.

H

## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/27/84

[redacted]  
[redacted] BOEING AEROSPACE COMPANY, Seattle, Washington, was contacted at his residence and was advised that the interview concerned his knowledge of termination payments made to BOEING employees.

[redacted] advised that he first became aware of termination payments approximately ten years ago when THOMAS K. JONES left BOEING, went to the government, and then returned to BOEING three or four years later. [redacted] stated that JONES received a termination payment then, but was unable to recall the amount. [redacted] advised that he does not recall any other termination payments until 1981, when JONES, MELVYN PAISLEY and HERB REYNOLDS received them.

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[redacted] stated that his division prepared the various calculations for these termination payments. [redacted] advised that [redacted] and [redacted] who work for him handled the actual calculations for these payments. [redacted] stated that the calculation included the difference in their current salary compared to the expected government salary and the employees benefits from BOEING's Voluntary Investment Plan (VIP). [redacted] advised that usually the employee requests that his case be considered for a termination payment. This request can be oral or sometimes the employee submits a written computation of what they think they are entitled to.

[redacted] stated that in the case of JONES, to the best of his recollection a written submission was provided. [redacted] advised that either [redacted] or [redacted] did most of the work on the JONES package. [redacted] was shown copies of documents 629 and 630 entitled "T. K. JONES Termination for Government Service (SES)." [redacted] stated that he prepared these charts. [redacted] advised that his job is to consider all the alternatives or "what ifs" for the employee. [redacted] advised that JONES had left BOEING to go with the government in the past and returned to BOEING, so the fact that the chart had a column entitled "Agree to Restore on Return to TBC" was logical. [redacted] stated he put this column in on his own and was not told to put it in by anyone else. [redacted] was unable to recall if he actually met with JONES to discuss his termination payment or to discuss what would

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Investigation on 5/31/84 at Renton, Washington File # Alexandria  
by SA [redacted] and SA [redacted] lmc Date dictated 6/4/84  
58A-264-208

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happen if he returned to BOEING. [ ] advised that if JONES wanted to know what benefits would be restored if he returned to BOEING, he would be the one to ask so a conversation about returning to BOEING with JONES was a good possibility.

[ ] was shown a copy of document [ ] from [ ] stated that to his knowledge he has never seen this document before. [ ] advised that he would remember if he had seen it as the language in the last paragraph indicates [ ]

[ ] stated that nothing like that was ever mentioned to him. [ ] advised that the calculations from his section are sent to [ ] who in turn sends them to corporate officers so he would not be privy to communications after the calculations leave his department.

[ ] stated that PAISLEY submitted a written request for termination payment. [ ] advised that he remembered this as the amount was ridiculously high. [ ] advised that [ ] and [ ] worked on the calculations for PAISLEY. [ ] stated that he did not recall having any discussions with [ ] nor did he recall preparing any schedules.

[ ] advised that REYNOLDS provided a written calculation of what he thought he should get for a termination payment. [ ] stated that [ ] and [ ] again did a lot of the calculations. [ ] advised that he recalled meeting with REYNOLDS after the dollar figure of his termination payment was calculated. [ ] stated that he thought [ ] was at this meeting. [ ] advised that he explained to [ ] how the final dollar figure was calculated. [ ] stated that he told REYNOLDS that his termination payment was lower than he, REYNOLDS, expected as he had a short term of service with BOEING and he did not have a lot of benefits built up. [ ] advised that he did not recall if REYNOLDS indicated he wanted to return to BOEING after his government assignment or not.

[ ] stated that LARRY CRANDON was considered for a termination payment but was unable to recall if he made a written request. [ ] advised that again [ ] and [ ] made the calculations. [ ] stated that he told [ ] and [ ] to compare what the government pays for overseas employment as compared to what BOEING pays

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for overseas employment. [ ] was shown document number [ ]

[ ] stated that this was [ ]

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[ ] advised that [ ] told him that [ ] had knowledge of the whole NATO operation and that these assignments were typically staffed by people from private industry. [ ] told him that CRANDON's ability to understand the systems and the process would benefit the aerospace industry as a whole and to BOEING as a part of that industry. [ ] stated that this was the tone of the conversation and in the note he attempted to reflect that. [ ] could not recall having any discussions with CRANDON.

[ ] advised that [ ] and [ ] did calculations for HAL KITSON's termination payment but was unable to recall if KITSON made a written submission. [ ] did not recall having any conversations with KITSON.

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[ ] stated that he has not had any contact with JONES, REYNOLDS, CRANDON or KITSON since they left BOEING. [ ] advised that he talked to PAISLEY once when he was trying to locate a resume. [ ] could not recall who this resume was for.

8/16/84

AIRTEL

TO: Director, FBI

FROM: Legat, Paris (58A-19) (RUC)

SUBJECT: THOMAS K. ✓ JONES, DEPUTY UNDERSECRETARY  
OF DEFENSE; Et Al  
COI - DOD  
(OO:AX)

RePARairtel, 1/3/84.

As no further investigation remains at Paris,  
Legat, Paris, considers this matter RUC.

5 - Bureau  
    (1 - Foreign Liaison Unit)  
    (2 - Alexandria)  
1 - Paris

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(6)

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TRANSMIT VIA: AIRTEL

CLASSIFICATION: UNCLAS

DATE: 8/31/84

FROM: Director, FBI (58-11035)

TO: SAC, Alexandria (58-264)

THOMAS K. JONES  
DEPUTY UNDERSECRETARY OF DEFENSE  
ET AL  
CONFLICT OF INTEREST-DOD  
OO: ALEXANDRIA

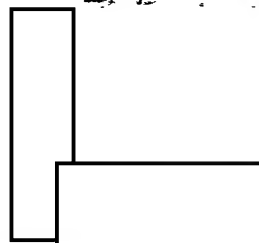
ReButel to ASAC Steven L. Pomerantz  
Alexandria Division, 8/30/84.

On 8/29/84, this matter was discussed by  
SSA [redacted] Governmental Fraud Unit,  
FBIHQ, with Departmental Attorney [redacted]  
of the Public Integrity Section. [redacted] advised  
after taking all the evidence into consideration  
the Department of Justice (DOJ) had decided to decline  
prosecution. DOJ based its decision on the following  
reasons:

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1. Payments were not received while subjects were government employees.
2. Payments were for past services and not for services to be rendered in the future.
3. Boeing brought these payments to the attention of their lawyers prior to making them and were advised they were legal.
4. Title 18, USC, Section 209 (Salary of Government Officials and Employees Payable only by United States) is a misdemeanor and would have venue in the Western District of Washington, Seattle, Washington.

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Bureau Airtel to SAC, Alexandria  
RE: THOMAS K. JONES

5. No successful cases in United States history  
have been prosecuted utilizing this statute.

[ ] advised that the decision not to  
prosecute this matter has not yet been made public.

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LEAD

Alexandria Division at Alexandria, Virginia

Contact DOJ Attorney [ ]  
regarding this matter.

FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☒ Airtel

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

Date 10/12/84

TO: DIRECTOR, FBI  
FROM: SAC, ALEXANDRIA (58A-264) (P)

THOMAS K. JONES,  
DEPUTY UNDERSECRETARY OF DEFENSE;  
ET AL  
COI - DOD  
(OO: AX)

Re Bureau airtel to Alexandria, 8/31/84; and  
Alexandria teletype to Bureau, 9/6/84.

Enclosed for the Bureau are two copies of a letter  
dated 9/28/84, addressed to SA [redacted] from [redacted]  
[redacted] Public Integrity Section, DEPARTMENT OF  
JUSTICE.

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PURPOSE:

The purpose of this airtel is to request that FBIHQ  
consider the preparation of a communication to the DEPARTMENT  
OF JUSTICE requesting reconsideration of the declination  
of prosecution in captioned matter.

Referenced FBIHQ airtel set forth five reasons  
given by the Department for their declination of prosecution  
in this case. Alexandria notes that Reasons 3, 4 and 5 do  
not involve evidentiary or statutory issues. SAC, Alexandria  
believes that while these items are pertinent to the prosecution  
of the case, they are not overriding, central or pivotal  
matters which should dictate a prosecutive decision.

2-Bureau (Enc 2)  
②-Alexandria  
SLP:kar  
(4) *Kar*

58A-264-207

*th h*

Approved: *[Signature]* Transmitted \_\_\_\_\_ Per \_\_\_\_\_  
(Number) (Time)

AX 58A-264

Item #1 in referenced Bureau airtel states that "payments were not received while subjects were government employees." A review of Title 18, U. S. Code, Section 209, reveals that the statute makes no mention of when the supplementation payments are received - it simply prohibits this conduct. In the enclosed letter to SA [REDACTED] acknowledges that to argue that supplementation payments made prior to commencement of government service are not prohibited by the statute is "legally incorrect."

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Item #2 states that "payments were for past services and not the services to be rendered in the future." A review of the results of the investigation in this case raises a serious challenge to the credibility of this statement.

Investigation revealed that the termination pay agreements with JONES, PAISLEY, REYNOLDS, CRANDON and KITSON were based on four factors: salary differential, loss of company contribution to pension plans, relocation costs, and high cost area supplement, all of which have the effect of compensating the employee for the financial losses experienced in accepting government employment. The evidence showed that BOEING did not make such payments to all employees who went into the government, but only to those employees who enter government employment at a salary lower than their BOEING salary. The evidence further shows that "if and when" these employees return to BOEING, benefits are restored to them as though they never left BOEING. All of the above indicates a supplementation of salary which is a violation of Title 18, Section 209, U. S. Code, a misdemeanor. JONES, PAISLEY and REYNOLDS each made a submission to BOEING requesting a termination payment. Each asked that they receive the difference between their government salary and their BOEING salary for four years.

The following documents were received from BOEING which indicate BOEING wanted these individuals in strategic positions in the government and based their decision on severance pay, at least to some degree, on the value of the position to BOEING.



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AX 58A-264

SAC COMMENTS:

SAC, Alexandria considers the separation of investigator/prosecutor roles a major strength of the Federal government's structure and consequently I am somewhat reluctant, as an investigator, to question the prosecutor's decision.

However, in view of the sensitivity of Defense Department contractor cases I feel that the inconsistencies listed herein should be brought to the Department's attention and that a de novo prosecutive review be conducted.

Once the information has been provided to the Department, I feel that the FBI will have completed its investigative role and the Department will be better able to carry out its prosecutive responsibilities and the decisions attached thereto.



**X AIRTEL**

1/3/85

TO: DIRECTOR, FBI

FROM: SAC, ALEXANDRIA (58A-264) (P)

THOMAS R. JONES,  
DEPUTY UNDERSECRETARY OF DEFENSE,  
ET AL  
COI-DOD  
(OO:AX)

Re AXairtel to Bureau, 10/12/84; and AXtelcall to FBIHQ Supervisor [redacted] 11/27/84.

[redacted] For information of FBIHQ, DOJ Attorney [redacted] advised that attorneys for Boeing have indicated that in 1972, Boeing sent a letter to the Department of Defense advising them of their policy of termination pay with an explanation of how it was calculated. [redacted] stated that the Department of Defense did not reply to this letter which could be construed as acceptance of their policy. [redacted] advised that this was another reason why he would decline prosecution in this matter as this would adversely affect the government's case.

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This information was given to FBIHQ Supervisor [redacted] in referenced telcall.

2-Bureau  
2-Alexandria  
PMS:gaj  
(4)

SEARCHED \_\_\_\_\_ INDEXED \_\_\_\_\_  
SERIALIZED ll FILED ll

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ED INDEXED  
ED FILED

why not close?

PMS